

Message Text

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ACTION ARA-10

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PRS-01 SP-02 SS-15 USIA-06 /069 W

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R 141905Z MAY 76

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 3376

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

USCINCSO

C O N F I D E N T I A L TEGUCIGALPA 2378

E.O. 11652: GDS

TAGS: ELAB, EIND, HO

SUBJECT: STRIKE AT POLYMER, S.A.

BEGIN SUMMARY: ON APRIL 29, 1976, THE UNION OF POLYMER, S.A. (SITEPSA), A SUBSIDIARY OF UNITED BRANDS, TOOK OVER THE PLANT IN A WAGE AND OVERTIME DISPUTE. THE COMPANY REFUSED TO NEGOTIATE WITH SITEPSA UNTIL SUCH TIME AS THEY TURNED OVER THE PLANT. A COMPROMISE WAS REACHED IN WHICH THE PLANT WAS TURNED OVER TO THE LABOR MINISTRY, WITH BOTH SIDES DENIED ACCESS. NEGOTIATIONS HAVE STARTED, BUT SHOW LITTLE SIGNS OF PROGRESS. POLYMER INSISTS THE STRIKE BE DECLARED ILLEGAL AND THAT IT BE GIVEN PERMISSION TO FIRE UNION LEADERS. SITEPSA APPEARS TO BE WILLING TO REACH A COMPROMISE, BUT NOT ONE INVOLVING DISMISSAL OF UNION LEADERSHIP. GOH HAS INDICATED THAT IT IS HIGHLY UNLIKELY THAT STRIKE WILL BE DECLARED ILLEGAL. END SUMMARY.

1. PLANT OF POLYMER, S.A., A UNITED BRANDS SUBSIDIARY, WAS TAKEN OVER ON APRIL 29 BY ITS UNION (SITEPSA). THE LONG
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SIMMERING CONFLICT CENTERS ON A DISPUTE INVOLVING RENEGO-

TIATION OF CONTRACT WAGE PROVISIONS AND DISTRIBUTION OF OVERTIME WORK AND WORKING HOURS. SITEPSA HAS THE BACKING OF VIRTUALLY ALL THE NORTH COAST LABOR FEDERATION (FESITRANH) UNIONS, BOTH COMMUNIST-DOMINATED AND DEMOCRATICALLY CONTROLLED. POLYMER CLAIMS THAT SOME FORTY HOSTAGES WERE TAKEN IN THE COURSE OF THE TAKEOVER OF THE PLANT AND THAT SITEPSA WAS ENDANGERING THE FACILITIES OF THE PLANT. FESITRANH/SITEPSA, ON THE OTHER HAND, CLAIMS THAT THERE WAS NO ATTEMPT TO TAKE HOSTAGES, BUT RATHER PERSONS WHO DID NOT WISH TO REMAIN IN THE PLANT COULD NOT BE RELEASED IMMEDIATELY DUE TO THE FACT THAT MANAGEMENT WAS ATTEMPTING TO ENTER THE PLANT WITH PUBLIC SECURITY FORCES. IN ANY EVENT, "HOSTAGES" WERE RELEASED TO GOH REPRESENTATIVES WITHIN TWENTY-FOUR HOURS OF PLANT TAKEOVER.

2. PLANT REMAINED IN SITEPSA CONTROL UNTIL MAY 8, WHEN IT WAS TURNED OVER TO MINISTRY OF LABOR AND PUBLIC SECURITY FORCES IN COMPROMISE WORKED OUT THROUGH MEDIATION OF SAN PEDRO SULA MILITARY COMMANDER, LT. COLONEL FERNANDO RUIZ. THIS PROVIDED FACE-SAVING MANNER FOR POLYMER TO ENTER NEGOTIATIONS WITH FESITRANH/SITEPSA, AS THEY HAD PUBLICLY DECLARED THAT THEY WOULD NOT NEGOTIATE AS LONG AS PLANT REMAINED IN UNION HANDS, A POSITION SUPPORTED BY PRIVATE BUSINESSMEN'S COUNCIL (COHEP). NEGOTIATIONS APPARENTLY STARTED ON MAY 10, WITH BOTH SIDES PRESENTING INITIAL POSITIONS. A SECOND MEETING TOOK PLACE ON EVENING OF MAY 12, WITH MEETING FINALLY BEING ADJOURNED AFTER IMPASSE WAS REACHED. A THIRD MEETING WAS SCHEDULED FOR MAY 13, BUT PROSPECTS FOR IMMEDIATE MOVEMENT APPEAR SLIGHT. ACCORDING TO LABMIN, SITEPSA OFFERED TO RESUME WORK IMMEDIATELY AT MAY 12 MEETING. BASIS FOR OFFER WAS THAT ALL WORKERS WOULD BE REEMPLOYED AND NEGOTIATIONS FOR WAGE INCREASE WOULD COMMENCE IMMEDIATELY THEREAFTER. MINLAB INDICATED THAT SITEPSA WOULD SETTLE FOR A SIMPLE ADVANCEMENT OF WAGE INCREASES ALREADY PROVIDED FOR IN EXISTING CONTRACT. POLYMER REFUSED TO CONSIDER THIS POSITION, INDICATING THAT ITS MINIMUM OFFER WOULD BE REINITIATION OF WORK WITH SOME 30 TO 35 WORKERS BEING SUSPENDED UNTIL MINLAB MAKE DECISION ON ITS PETITION TO HAVE STRIKE DECLARED ILLEGAL.

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3. MINLAB INDICATED THAT IT WAS HIGHLY UNLIKELY THAT STRIKE WOULD BE DECLARED ILLEGAL IN CONVERSATION WITH LABOFF. HE STATED THAT STRIKE WAS CLEARLY ILLEGAL AND HAD SO INDICATED TO UNION; HOWEVER, THE LABOR/CAMPESINO SECTOR IS CURRENTLY MAIN BASE OF SUPPORT FOR THE GOH AND THEY COULD NOT RISK LOSING THAT SUPPORT. PRESIDENT OF FESITRANH, CELEO GONZALEZ, AND OTHER LABOR LEADERS SEEM TO FEEL STRONGLY ENOUGH ABOUT POLYMER STRIKE TO CARRY THE

ISSUE TO A GENERAL STRIKE IF NECESSARY, THOUGH THEY WOULD CLEARLY PREFER TO FIND A COMPROMISE SOLUTION. GONZALEZ FEELS THAT SITUATION AT POLYMER REPRESENTS A THREAT TO ENTIRE LABOR MOVEMENT IN HONDURAS AND WOULD BE USED BY COHEP AND OTHERS AS A PRECEDENT WITH WHICH TO DESTROY LABOR MOVEMENT. ANOTHER FACTOR INVOLVED IN STRIKE IS THAT PRESIDENT OF SITEPSA IS ONE OF TWO HEIRS-APPARENT TO GONZALEZ. MINLAB INDICATED THAT GOH ALSO VIEWS THE STRIKE AS HAVING IMPLICATIONS BEYOND THE IMMEDIATE ISSUES AT HAND, NAMELY, AN ATTEMPT BY PRIVATE BUSINESS TO UNDERMINE -- IF NOT DESTROY -- THE CURRENT MILITARY GOVERNMENT.

4. POLYMER'S SISTER COMPANY IN HONDURAS, TELA RAILROAD COMPANY, HAS FILED A PETITION WITH MINLAB REQUESTING PERMISSION TO SUSPEND SOME 3,500 WORKERS BASED ON A SHORTAGE OF RAW MATERIAL BEING PROVIDED BY POLYMER. THE GENERAL MANAGER OF TELA HAS DECLINED MINLAB'S INVITATION TO ASSIST IN SETTLEMENT OF STRIKE SAYING THAT HE HAS NO CONTROL OVER OTHER UB SUBSIDIARIES. HOWEVER BOTH GOH AND UNIONS VIEW REQUEST FOR SUSPENSIONS AS A PRESSURE TACTIC ON BOTH GOM AND FESITRANH/SITEPSA. NEITHER BELIEVE THAT TELA IS AS SHORT OF RAW MATERIALS AS STATED AND, IN FACT, THE TELA GENERAL MANAGER INDICATED TO LABOFF THAT HE HAD ENOUGH MATERIAL FOR AT LEAST ANOTHER EIGHT DAYS OF OPERATIONS.

5. MINLAB CALLED LABOFF TO HIS OFFICE ON MORNING OF MAY 13 TO DISCUSS POLYMER STRIKE. THE APPARENT PURPOSE OF MEETING WAS TO ASCERTAIN EMBASSY'S POSITION ON ISSUE. MINLAB WAS INFORMED THAT THE ISSUE WAS ONE TO BE SETTLED UNDER THE HONDURAN LEGAL SYSTEM AND THAT EMBASSY WOULD NOT INTERVENE ON EITHER SIDE. HE EXPRESSED APPRECIATION OF THIS POSITION AND FURTHER INDICATED THAT HE EXPECTED CHIEF OF STATE MELGAR TO BEGIN TO APPLY PRESSURE ON POLYMER

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TO SOFTEN ITS POSITION. RATHER THAN DECLARE THE STRIKE ILLEGAL, THE GOH IS APPARENTLY READY TO LET IT DRAG ON FOR SOME CONSIDERABLE PERIOD OF TIME, PROBABLY FEELING THE COMPANY HAS MORE TO LOOSE THAN EITHER THE UNION OR THE GOH. THE GOH FEELS THAT TIME IS ON ITS SIDE AND, IN ANY EVENT, IS MOST RELUCTANT TO ALIENATE ITS LABOR/CAMPESINO BASE OF SUPPORT, PARTICULARLY GIVEN ITS UNITY ON POLYMER ISSUE.

6. BEGIN COMMENT: POLYMER STRIKE HAS BECOME A DIFFICULT ISSUE, WHICH WOULD APPEAR TO HAVE TAKEN ON POLITICAL OVERTONES BEYOND THE IMPORTANCE OF THE LABOR/MANAGEMENT ISSUES AT STAKE. THE ISSUE HAS ARRIVED AT THIS POINT IN LARGE PART DUE TO MANAGEMENT'S REFUSAL TO SIT DOWN AND NEGOTIATE WITH SITEPSA. THE CONTINUING HARD-LINE POSITION BEING

TAKEN BY POLYMER WILL NOT MAKE A SOLUTION ANY EASIER TO
ARRIVE AT NOR FURTHER ENDEAR THE SAN PEDRO SULA BUSINESS
COMMUNITY TO THE GOH. HOWEVER, GOH PRESSURE ON POLYMER
COULD MAKE THEM COME TO REALIZE THAT PROBLEM IS ESSENTIALLY
POLITICAL IN NATURE AND NOT ONE OF LABOR/MANAGEMENT RELA-
TIONS. END COMMENT.
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Message Attributes

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